

Reconstructing Iraq

Developing a Market Economy



Photo: Thomas Hartwell

Under Saddam Hussein, the Iraqi economy was highly centralized and exceedingly corrupt. All heavy industry was government-owned, including oil production facilities, the primary source of the country's wealth.

Although the lifting of UN sanctions will reduce black market activities in Iraq, much more must be done to make a solid break with past practices and put the country on a solid economic and commercial footing. To help with this process, USAID has created jobs for Iraqis, is providing the infrastructure for production, and is working with Iraqi officials to facilitate a market economy.

On behalf of the American people, USAID:

- Intends to jumpstart the economy by eliminating corruption, decentralizing decision-making, and empowering the private sector to create jobs and raise incomes.
- Issued a Request for Proposal that will facilitate the economic integration of Iraq with its regional and international partners, adopt international standards of production, harmonize economic policy, reinforce traditional trade linkages, develop new trade partnerships, and foster sustainable job creation.
- Continues to help the Iraqi Central Bank, the Ministry of Finance, and the private banking sector achieve long-term goals that will stabilize the economy by equipping the Ministry of Finance to handle government payrolls, developing a legal framework that encourages the private sector, and providing widespread access to commercial banks.
- Is focusing on economic governance and stressing the need for fiscal and monetary policies and legal and regulatory reforms by rewriting Customs administration and tax policies, assuring property rights and the repatriation of profits, creating clear tariff structures, and encouraging free trade.

Website: www.usaid.gov

Telephone: 202-712-4810

USAID U.S. Agency for International Development

